

AMENDED IN ASSEMBLY JULY 2, 2014

AMENDED IN ASSEMBLY JUNE 15, 2014

AMENDED IN SENATE MAY 27, 2014

AMENDED IN SENATE MAY 7, 2014

AMENDED IN SENATE APRIL 21, 2014

SENATE BILL

No. 1262

Introduced by Senator Correa

(Principal coauthor: Assembly Member Ammiano)

February 21, 2014

An act to amend Section 2220.05 of, to add Article 25 (commencing with Section 2525) to Chapter 5 of Division 2 of, and to add Part 5 (commencing with Section 18100) to Division 7 of, the Business and Professions Code, *to add Section 23028 to the Government Code, and* to add Article 8 (commencing with Section 111658) to Chapter 6 of Part 5 of Division 104 of the Health and Safety Code, ~~and to add Chapter 3.8 (commencing with Section 7295) to Part 1.7 of Division 2 of the Revenue and Taxation Code,~~ relating to medical marijuana, *and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

SB 1262, as amended, Correa. Medical marijuana: regulation of physicians, dispensaries, cultivation sites, and processing facilities.

(1) Existing law, the Compassionate Use Act of 1996, an initiative measure enacted by the approval of Proposition 215 at the November 6, 1996, statewide general election, authorizes the use of marijuana for medical purposes. Existing law enacted by the Legislature requires the establishment of a program for the issuance of identification cards to

qualified patients so that they may lawfully use marijuana for medical purposes, and requires the establishment of guidelines for the lawful cultivation of marijuana grown for medical use. Existing law provides for the licensure of various professions by the Department of Consumer Affairs. Existing law, the Sherman Food, Drug, and Cosmetic Law, provides for the regulation of food, drugs, devices, and cosmetics, as specified. A violation of that law is a crime.

This bill would ~~require~~ *establish within the Department of Consumer Affairs a Bureau of Medical Marijuana Regulation* to license dispensing facilities, cultivation sites, and processing facilities that provide, process, and grow marijuana for medical use, as specified, ~~including requiring subject to local ordinances. The bill would require a background check for license of applicants for licensure to be administered by the Department of Justice.~~ The bill would make these licenses subject to the restrictions of the local jurisdiction in which the facility operates or proposes to operate. The bill would, among other things, require licensees to implement sufficient security measures to both deter and prevent unauthorized entrance into areas containing marijuana and theft of marijuana at their facilities, including establishing limited access areas accessible only to authorized facility personnel, and would require these licensees to notify appropriate law enforcement authorities within 24 hours after discovering specified breaches in security. The bill would set forth provisions related to the transportation, testing, and distribution of marijuana. ~~The bill would set forth provisions for the revocation or suspension of a license for a violation of these provisions or of local ordinances, and would require the bureau to make recommendations to the Legislature pertaining to the establishment of a judicial review process.~~ The bill would prohibit the distribution of any form of advertising for physician recommendations for medical marijuana, unless the advertisement bears a specified notice and requires that the advertisement meet specified requirements and not be fraudulent, deceitful, or misleading, as specified. Violation of these provisions would be punishable by a civil fine of up to \$35,000 for each individual violation, ~~or as otherwise specified.~~

~~The bill would establish the Medical Marijuana Regulation Fund and would require the deposit of fees collected pursuant to this act into the fund. The bill would continuously appropriate moneys from the fund to the bureau for the purposes of administering this act, thereby making an appropriation. The bill would require the deposit of penalty moneys collected pursuant to this act into the General Fund.~~

The bill would provide that it shall not supersede provisions of Measure D, as approved by the voters of the City of Los Angeles, as specified.

The bill would require the ~~department~~ *bureau* to administer and enforce these provisions. The bill would require the ~~department~~ *bureau* to establish quality assurance protocols by July 1, 2016, to ensure uniform testing standards of medical marijuana, and would require licensees to comply with these provisions. The bill would further set forth provisions regulating edible marijuana products, as specified. By adding these provisions to the Sherman Food, Drug, and Cosmetic Law, a violation of which is a crime, the bill would impose a state-mandated local program.

(2) Existing law, the Medical Practice Act, provides for the licensure and regulation of physicians and surgeons by the Medical Board of California. Existing law requires the board to prioritize investigations and prosecutions of physicians and surgeons representing the greatest threat of harm, as specified. Existing law identifies the cases that are to be given priority, which include cases of repeated acts of excessively prescribing, furnishing, or administering controlled substances without a good faith prior examination of the patient. Existing law provides that a violation of the Medical Practice Act is a crime.

This bill would require the board to consult with the Center for Medicinal Cannabis Research on developing and adopting medical guidelines for the appropriate administration and use of marijuana.

The bill would also make it a misdemeanor for a physician and surgeon who recommends marijuana to a patient for a medical purpose to accept, solicit, or offer any remuneration from or to a licensed dispensing facility in which the physician and surgeon or his or her immediate family has a financial interest. By creating a new crime, ~~this~~ *the* bill would impose a state-mandated local program.

The bill would provide that specified acts of recommending marijuana without a good faith examination are among the types of cases that should be given priority for investigation and prosecution by the board, as described above. The bill would further prohibit a ~~person~~ *physician and surgeon* from recommending medical marijuana to a patient unless that person is the patient's attending physician, as defined. Because a violation of that provision would be a crime, the bill would impose a state-mandated local program.

(3) Existing law authorizes the legislative body of a city or county to impose various taxes, including a transactions and use tax at a rate

of 0.25%, or a multiple thereof, if approved by the required vote of the legislative body and the required vote of qualified voters, and limits the combined rate of transactions and use taxes within a city or county to 2%.

This bill would authorize the ~~legislative body~~ *board of supervisors* of a county to ~~levy~~ *impose* a tax on the privilege of cultivating, dispensing, producing, processing, preparing, storing, providing, *donating, selling,* or distributing marijuana or products containing marijuana. The bill would authorize the tax to be imposed for either general or specific governmental purposes. The bill would require a tax imposed pursuant to this authority to be subject to any applicable voter approval requirement.

(4) *This bill would provide that its provisions are severable.*

(5) *Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.*

This bill would make legislative findings to that effect.

~~The~~

(6) *The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: ~~no~~ yes. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) In 1996, the people of the State of California enacted the
- 4 Compassionate Use Act of 1996, codified in Section 11362.5 of
- 5 the Health and Safety Code. The people of the State of California
- 6 declared that their purpose in enacting the measure was, among
- 7 other things, “to ensure that seriously ill Californians have the
- 8 right to obtain and use marijuana for medical purposes where that
- 9 medical use is deemed appropriate and has been recommended by
- 10 a physician who has determined that the person’s health would

1 benefit from the use of marijuana in the treatment of cancer,
2 anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis,
3 migraine, or any other illness for which marijuana provides relief.”

4 (b) The Compassionate Use Act of 1996 called on state
5 government to implement a plan for the safe and affordable
6 distribution of marijuana to all patients in medical need of
7 marijuana, *while ensuring that nothing in this act shall be*
8 *construed to condone the diversion of marijuana for nonmedical*
9 *purposes.*

10 (c) In 2003, the Legislature enacted the Medical Marijuana
11 Program Act (MMPA), codified in Article 2.5 (commencing with
12 Section 11362.7) of Chapter 6 of Division 10 of the Health and
13 Safety Code.

14 (d) Greater certainty and minimum statewide standards are
15 urgently needed regarding the obligations of medical marijuana
16 facilities, and for the imposition and enforcement of regulations
17 to prevent unlawful cultivation and the diversion of marijuana to
18 nonmedical use.

19 (e) Despite the passage of the Compassionate Use Act of 1996
20 and the MMPA, because of the lack of an effective statewide
21 system for regulating and controlling medical marijuana, cities,
22 counties and local law enforcement officials have been confronted
23 with uncertainty about the legality of some medical marijuana
24 cultivation and distribution activities. ~~The current system of~~
25 ~~collectives and cooperatives~~ *state of affairs* makes law enforcement
26 difficult and endangers patient safety because of an inability to
27 monitor the supply of medical marijuana in the state and the lack
28 of quality control, testing, and labeling requirements.

29 (f) The California Constitution grants cities and counties the
30 authority to make and enforce, within their borders, “all local
31 police, sanitary, and other ordinances and regulations not in conflict
32 with the general laws.” This inherent local police power includes
33 broad authority to determine, for purposes of public health, safety,
34 and welfare, the appropriate uses of land within the local
35 jurisdiction’s borders. The police power, therefore, allows each
36 city and county to determine whether or not a medical marijuana
37 dispensary or other facility that makes medical marijuana available
38 may operate within its borders. This authority has been upheld by
39 *City of Riverside v. Inland Empire Patients Health & Wellness,*
40 *Inc.* (2013) 56 Cal.4th 729 and *County of Los Angeles v. Hill*

1 (2011) 192 Cal.App.4th 861. *Nothing in this act shall diminish,*
2 *erode, or modify that authority.*

3 (g) If, pursuant to this authority, a city or county determines
4 that a dispensary or other facility that makes medical marijuana
5 available may operate within its borders, then there is a need for
6 the state to license these dispensaries and other facilities for the
7 purpose of adopting and enforcing protocols for training and
8 certification of physicians who recommend the use of medical
9 marijuana and for agricultural cultivation practices. This licensing
10 requirement is not intended in any way nor shall it be construed
11 to preempt local ordinances, *regulations, or enforcement actions*
12 regarding the sale and use of medical marijuana, including, but
13 not limited to, security, signage, lighting, and inspections.

14 (h) All of the following elements are necessary to uphold
15 important state goals:

16 (1) Strict provisions to prevent the potential diversion of
17 marijuana for recreational use.

18 (2) Audits to accurately track the volume of both product
19 movement and sales.

20 (3) An effective means of restricting *nonmedical* access to
21 medical marijuana by minors.

22 (i) Nothing in this act shall be construed to promote or facilitate
23 the nonmedical, recreational possession, sale, or use of marijuana.

24 SEC. 2. Section 2220.05 of the Business and Professions Code
25 is amended to read:

26 2220.05. (a) In order to ensure that its resources are maximized
27 for the protection of the public, the Medical Board of California
28 shall prioritize its investigative and prosecutorial resources to
29 ensure that physicians and surgeons representing the greatest threat
30 of harm are identified and disciplined expeditiously. Cases
31 involving any of the following allegations shall be handled on a
32 priority basis, as follows, with the highest priority being given to
33 cases in the first paragraph:

34 (1) Gross negligence, incompetence, or repeated negligent acts
35 that involve death or serious bodily injury to one or more patients,
36 such that the physician and surgeon represents a danger to the
37 public.

38 (2) Drug or alcohol abuse by a physician and surgeon involving
39 death or serious bodily injury to a patient.

(3) Repeated acts of clearly excessive prescribing, furnishing, or administering of controlled substances, or repeated acts of prescribing, dispensing, or furnishing of controlled substances, or recommending marijuana to patients for medical purposes, without a good faith prior examination of the patient and medical reason therefor. However, in no event shall a physician and surgeon prescribing, furnishing, or administering controlled substances for intractable pain consistent with lawful prescribing, including, but not limited to, Sections 725, 2241.5, and 2241.6 of this code and Sections 11159.2 and 124961 of the Health and Safety Code, be prosecuted for excessive prescribing and prompt review of the applicability of these provisions shall be made in any complaint that may implicate these provisions.

(4) Sexual misconduct with one or more patients during a course of treatment or an examination.

(5) Practicing medicine while under the influence of drugs or alcohol.

(b) The board may by regulation prioritize cases involving an allegation of conduct that is not described in subdivision (a). Those cases prioritized by regulation shall not be assigned a priority equal to or higher than the priorities established in subdivision (a).

(c) The Medical Board of California shall indicate in its annual report mandated by Section 2312 the number of temporary restraining orders, interim suspension orders, and disciplinary actions that are taken in each priority category specified in subdivisions (a) and (b).

SEC. 3. Article 25 (commencing with Section 2525) is added to Chapter 5 of Division 2 of the Business and Professions Code, to read:

Article 25. Recommending Medical Marijuana

2525. (a) It is unlawful for a physician and surgeon who recommends marijuana to a patient for a medical purpose to accept, solicit, or offer any form of remuneration from or to a facility licensed pursuant to Part 5 (commencing with Section 18100) of Division 7, if the physician and surgeon or his or her immediate family have a financial interest in that facility.

(b) For the purposes of this section, “financial interest” shall have the same meaning as in Section 650.01.

1 (c) A violation of this section shall be a misdemeanor.

2 2525.1. The board shall consult with the California Marijuana
3 Research Program, known as the Center for Medicinal Cannabis
4 Research, authorized pursuant to Section 11362.9 of the Health
5 and Safety Code, on developing and adopting medical guidelines
6 for the appropriate administration and use of marijuana.

7 2525.2. ~~No person~~ *A physician and surgeon* shall *not*
8 recommend medical marijuana to a patient, unless that person is
9 the patient's attending physician, as defined by subdivision (a) of
10 Section 11362.7 of the Health and Safety Code.

11 SEC. 4. Part 5 (commencing with Section 18100) is added to
12 Division 7 of the Business and Professions Code, to read:

13
14 PART 5. MEDICAL MARIJUANA

15
16 18100. For purposes of this part, the following definitions shall
17 apply:

18 ~~(a) "Certified testing laboratory" means a laboratory that is~~
19 ~~certified by the department to perform random sample testing of~~
20 ~~marijuana pursuant to the certification standards for these facilities~~
21 ~~promulgated by the department.~~

22 ~~(b) "Department" means the Department of Consumer Affairs.~~

23 ~~(c) "Dispensary" means a distribution operation that provides~~
24 ~~marijuana or marijuana derived products to patients.~~

25 ~~(d) "Licensed cultivation site" means a facility that grows~~
26 ~~marijuana for medical use and that is licensed pursuant to Section~~
27 ~~18101.~~

28 ~~(e) "Licensed dispensing facility" means a dispensary or other~~
29 ~~facility that provides marijuana for medical use that is licensed~~
30 ~~pursuant to Section 18101.~~

31 ~~(f) "Licensed processing facility" means a facility where~~
32 ~~marijuana or marijuana products are inspected, packaged, labeled,~~
33 ~~or otherwise prepared prior to being provided to another facility~~
34 ~~licensed pursuant to this section, to a patient with a medical~~
35 ~~marijuana recommendation, or otherwise distributed, and that is~~
36 ~~licensed pursuant to Section 18101.~~

37 ~~(g) "Licensed transporter" means an individual or entity licensed~~
38 ~~by the department to transport marijuana to and from facilities~~
39 ~~licensed pursuant to this part.~~

1 ~~(h) “Marijuana” means marijuana, as defined by Section 11018~~
2 ~~of the Health and Safety Code.~~

3 (a) “Bureau” means the Bureau of Medical Marijuana
4 Regulation in the Department of Consumer Affairs.

5 (b) “Certified testing laboratory” means a laboratory that is
6 certified by the bureau to perform random sample testing of
7 marijuana pursuant to the certification standards for these facilities
8 promulgated by the bureau.

9 (c) “Dispensary” means a distribution operation that provides
10 marijuana or marijuana derived products to patients.

11 (d) “Fund” means the Medical Marijuana Regulation Fund
12 established pursuant to Section 18101.4.

13 (e) “Licensed cultivation site” means a facility that grows
14 marijuana for medical use and that is licensed pursuant to this
15 part.

16 (f) “Licensed dispensing facility” means a dispensary or other
17 facility that provides marijuana for medical use that is licensed
18 pursuant to this part.

19 (g) “Licensed processing facility” means a facility where
20 marijuana or marijuana products are inspected, packaged, labeled,
21 or otherwise prepared, warehoused, or stored prior to being
22 provided to another facility licensed pursuant to this part, to a
23 patient with a medical marijuana recommendation, or otherwise
24 distributed, and that is licensed pursuant to this part.

25 (h) “Licensed transporter” means an individual or entity
26 licensed by the bureau to transport marijuana to and from facilities
27 licensed pursuant to this part.

28 (i) “Marijuana” means all parts of the plant *Cannabis sativa*,
29 *cannabis indica*, or *cannabis ruderalis*, whether growing or not;
30 the seeds thereof; the resin, whether crude or purified, extracted
31 from any part of the plant; and every compound, manufacture,
32 salt, derivative, mixture, or preparation of the plant, its seeds, or
33 resin. “Marijuana” does not include the mature stalks of the plant,
34 fiber produced from the stalks, oil or cake made from the seeds of
35 the plant, any other compound, manufacture, salt, derivative,
36 mixture, or preparation of the mature stalks (except the resin
37 extracted therefrom), fiber, oil, or cake, or the sterilized seed of
38 the plant which is incapable of germination. “Marijuana” also
39 means marijuana, as defined by Section 11018 of the Health and
40 Safety Code.

1 ~~18101. (a) Except as provided in Section 11362.5 of, and~~
2 ~~Article 2.5 (commencing with Section 11362.7) of Chapter 6 of~~
3 ~~Division 10 of, the Health and Safety Code, a person shall not sell~~
4 ~~or provide marijuana other than at a licensed dispensing facility.~~

5 ~~(b) Except as provided in Section 11362.5 of, and Article 2.5~~
6 ~~(commencing with Section 11362.7) of Chapter 6 of Division 10~~
7 ~~of, the Health and Safety Code, a person shall not grow marijuana~~
8 ~~other than at a licensed cultivation site.~~

9 ~~(c) Except as provided in Section 11362.5 of, and Article 2.5~~
10 ~~(commencing with Section 11362.7) of Chapter 6 of Division 10~~
11 ~~of, the Health and Safety Code, a person shall not process~~
12 ~~marijuana other than at a licensed processing facility.~~

13 ~~(d) A person shall not transport marijuana from one facility~~
14 ~~licensed pursuant to this part to another, other than a licensed~~
15 ~~transporter.~~

16 ~~(e) To meet the requirement of Sections 111658 to 111663,~~
17 ~~inclusive, of the Health and Safety Code, marijuana and marijuana~~
18 ~~products shall be tested by a certified testing laboratory.~~

19 ~~(f) The department shall require, prior to issuing a license to a~~
20 ~~dispensing facility or a cultivation site pursuant to this part, all of~~
21 ~~the following:~~

22 ~~(1) The name of the owner or owners of the proposed facility.~~

23 ~~(2) The address and telephone number of the proposed facility.~~

24 ~~(3) A description of the scope of business of the proposed~~
25 ~~facility.~~

26 ~~(4) A certified copy of the local jurisdiction's approval to operate~~
27 ~~within its borders.~~

28 ~~(5) A completed application, as required by the department.~~

29 ~~(6) Payment of a fee, in an amount to be determined by the~~
30 ~~department not to exceed the amount necessary, but that is~~
31 ~~sufficient to cover, the actual costs of the administration of this~~
32 ~~part.~~

33 ~~(7) (A) An applicant's fingerprint images and related~~
34 ~~information required by the Department of Justice for the purpose~~
35 ~~of obtaining information as to the existence and content of a record~~
36 ~~of state and federal convictions and arrests, and information as to~~
37 ~~the existence and content of a record of state and federal~~
38 ~~convictions and arrests for which the Department of Justice~~
39 ~~establishes that the person is free on bail, or on his or her own~~
40 ~~recognizance, pending trial or appeal.~~

~~(B) The Department of Justice shall forward the fingerprint images and related information received pursuant to subparagraph (A) to the Federal Bureau of Investigation and request a federal summary of criminal information. The Department of Justice shall review the information returned from the Federal Bureau of Investigation and compile and disseminate a response to the department.~~

~~(C) The Department of Justice shall charge a fee sufficient to cover the reasonable cost of processing the requests described in this paragraph.~~

~~(D) The department may deny a license based on a past criminal conviction if the crime is substantially related to the qualifications, functions, or duties of the business for which the license will be issued.~~

~~(8) In the case of a cultivation site, the GPS coordinates of the site.~~

~~(9) Any other information as required by the department.~~

~~(g) The department shall deny a license if the application fails to state with sufficient specificity the jurisdiction in which the applicant proposes to establish operations.~~

~~(h) Each application for a license approved by the department pursuant to this part is separate and distinct. A licensee shall not hold a license in more than one class of specified medical marijuana activities. A licensee shall not be an officer, director, member, owner, or shareholder in another entity licensed pursuant to this part. The officers, directors, owners, members, or shareholders of a licensee in one class may not hold a license in another class, and may not be an officer, director, member, owner, or shareholder of an entity licensed pursuant to this part.~~

18101. (a) (1) There is hereby created in the Department of Consumer Affairs the Bureau of Medical Marijuana Regulation. The bureau shall be administered by an executive officer who shall be a civil servant appointed pursuant to civil service rules by the Governor, and who shall be known as the Executive Officer of the Bureau of Medical Marijuana Regulation.

(2) Funds for the establishment and support of the bureau shall be advanced as a loan by the Department of Consumer Affairs and shall be repaid by the initial proceeds from fees collected pursuant to subdivision (b) of Section 18101.1, paragraph (9) of subdivision (f) of Section 18101.2, and subdivision (b) of Section 18101.3.

1 (b) (1) The bureau shall have the power to license persons for
2 the cultivation, manufacture, transportation, storage, distribution,
3 and sale of medical marijuana within the state and to collect
4 licensing fees in connection with these actions.

5 (2) The bureau shall exercise its authority pursuant to
6 paragraph (1) consistent with subdivision (f) of Section 1 of the
7 act that added this section and consistent with the provisions of
8 this part.

9 18101.1. The bureau shall have the authority, subject to local
10 ordinances, to license persons for the cultivation, manufacture,
11 transportation, storage, and sale of medical marijuana within the
12 state, and to levy appropriate related licensing fees not to exceed
13 the reasonable costs of enforcement and administration of this
14 part. The bureau shall not issue a license if the applicant has not
15 met all requirements pursuant to this part. A license, once issued,
16 shall be suspended within 10 days of notification to the bureau by
17 a local agency that a licensee is no longer in compliance with any
18 local ordinance or regulation. The bureau shall have the power
19 necessary for the administration of this part, including, but not
20 limited to, the following:

21 (a) Establishing statewide minimum standards for the
22 cultivation, manufacturing, transportation, storage, distribution,
23 provision, donation, and sale of medical marijuana and medical
24 marijuana products, and procedures for the issuance, renewal,
25 suspension, and revocation of licenses.

26 (b) Establishing a scale of application, license, and renewal
27 fees, to be imposed by the state, for licenses for the cultivation,
28 manufacturing, transportation, distribution, and sale of medical
29 marijuana and medical marijuana products. The bureau may
30 charge separate fees for each license application for cultivation,
31 manufacturing, transportation, distribution, and sale. The total
32 fees imposed pursuant to this part shall be based on the actual
33 costs of administering and enforcing this part.

34 (c) Making and proscribing any rule that may be necessary or
35 proper to carry out the purposes and intent of this part and to
36 enable it to exercise the powers and perform the duties conferred
37 upon it by this part and in accordance with Chapter 3.5
38 (commencing with Section 11340) of Part 1 of Division 3 of Title
39 2 of the Government Code. For the performance of its duties, the
40 bureau has the powers as set forth in Article 2 (commencing with

1 *Section 11180) of Chapter 2 of Part 1 of Division 3 of Title 2 of*
2 *the Government Code.*

3 *(d) Approving or denying applications, subject to local*
4 *ordinances, for cultivation, manufacturing, labeling,*
5 *transportation, distribution, provision, donation, and sale of*
6 *medical marijuana pursuant to this part.*

7 *(e) The bureau shall, with input from local agencies, deny,*
8 *suspend, or revoke any license issued pursuant to this part, or fine*
9 *any licensee, if the bureau determines that the granting or*
10 *continuance of the license would be contrary to public welfare or*
11 *morals or that a person holding or seeking a license has violated*
12 *any law prohibiting conduct involving moral turpitude or an*
13 *applicable local ordinance.*

14 *(f) Imposing any penalty authorized by this part or any rule or*
15 *regulation adopted pursuant to this part.*

16 *(g) Taking any action with respect to a license application in*
17 *accordance with procedures established pursuant to this part.*

18 *(h) The bureau shall make recommendations to the Legislature*
19 *pertaining to the establishment of an appeals and judicial review*
20 *process for persons aggrieved by a final decision of the bureau.*

21 *(i) Developing any forms, identification certificates, and*
22 *applications that are necessary or convenient in the discretion of*
23 *the bureau for the administration of this part or any of the rules*
24 *or regulations adopted pursuant to this part.*

25 *(j) Overseeing the operation of the Medical Marijuana*
26 *Regulation Fund established pursuant to Section 18101.4.*

27 *(k) Establishing reasonable fees for processing all applications,*
28 *licenses, notices, or reports required to be submitted to the bureau.*
29 *The amount of the fees shall reflect, but shall not exceed, the direct*
30 *and indirect costs of the bureau for the administration of this part*
31 *and the rules or regulations adopted pursuant to this part.*

32 *(l) The bureau may consult with other state agencies,*
33 *departments, or public or private entities for the purposes of*
34 *establishing statewide standards and regulations.*

35 *18101.2. (a) Except as provided in Section 11362.5 of, and*
36 *Article 2.5 (commencing with Section 11362.7) of Chapter 6 of*
37 *Division 10 of, the Health and Safety Code, a person shall not sell*
38 *or provide marijuana other than at a licensed dispensing facility.*

39 *(b) Except as provided in Section 11362.5 of, and Article 2.5*
40 *(commencing with Section 11362.7) of Chapter 6 of Division 10*

1 of, the Health and Safety Code, a person shall not grow marijuana
2 other than at a licensed cultivation site.

3 (c) Except as provided in Section 11362.5 of, and Article 2.5
4 (commencing with Section 11362.7) of Chapter 6 of Division 10
5 of, the Health and Safety Code, a person shall not process
6 marijuana other than at a licensed processing facility.

7 (d) A person shall not transport marijuana from one facility
8 licensed pursuant to this part to another, other than a licensed
9 transporter.

10 (e) To meet the requirements of Article 8 (commencing with
11 Section 111658) of Chapter 6 of Part 5 of Division 104 of the
12 Health and Safety Code, marijuana and marijuana products shall
13 be tested by a certified testing laboratory.

14 (f) The bureau shall require, prior to issuing a license pursuant
15 to this part, all of the following:

16 (1) The name of the owner or owners of a proposed facility,
17 including all persons or entities having an ownership interest other
18 than a security interest, lien, or encumbrance on any property that
19 will be used by the applicant.

20 (2) The name, address, and date of birth of each principal officer
21 and board member.

22 (3) The address and telephone number of the proposed facility.

23 (4) A description of the scope of business of the proposed
24 facility.

25 (5) A certified copy of the local jurisdiction's approval to
26 operate within its borders.

27 (6) Operating and inventory control procedures to ensure
28 security and prevent diversion.

29 (7) Detailed operating procedures for the proposed facility,
30 which shall include, but not be limited to, provisions for facility
31 and operational security, prevention of diversion, employee
32 screening, storage of medical marijuana, personnel policies, and
33 recordkeeping procedures.

34 (8) A completed application, as required by the bureau.

35 (9) Payment of a fee, in an amount to be determined by the
36 bureau, not to exceed the amount necessary, but that is sufficient
37 to cover, the actual costs of the administration of this part.

38 (10) (A) An applicant's fingerprint images and related
39 information required by the Department of Justice for the purpose
40 of obtaining information as to the existence and content of a record

1 of state and federal convictions and arrests, and information as
2 to the existence and content of a record of state and federal
3 convictions and arrests for which the Department of Justice
4 establishes that the person is free on bail, or on his or her own
5 recognizance, pending trial or appeal.

6 (B) The Department of Justice shall charge a fee sufficient to
7 cover the reasonable cost of processing the requests described in
8 the paragraph.

9 (11) In the case of a cultivation site, the GPS coordinates of the
10 site.

11 (12) Any other information as required by the bureau.

12 (13) The bureau shall deny a license based on a past felony
13 criminal conviction for drug trafficking, a felony conviction for
14 embezzlement, a felony conviction involving fraud or deceit, or
15 any violent or serious felony conviction pursuant to subdivision
16 (c) of Section 667.5 of, or subdivision (c) of Section 1192.7 of, the
17 Penal Code. The bureau may also deny a license based on a past
18 criminal conviction if the crime was substantially related to the
19 qualifications, functions, or duties of the business for which the
20 license will be issued.

21 (g) The bureau shall deny a license if the application fails to
22 state with sufficient specificity the jurisdiction in which the
23 applicant proposes to establish operations.

24 (h) (1) Each application for a license approved by the bureau
25 pursuant to this part is separate and distinct, and the bureau may
26 charge a separate fee for each. A licensee shall not hold a license
27 in more than one class of specified medical marijuana activities,
28 except that a licensee may have a transporter license in addition
29 to a license to cultivate, process, or dispense medical marijuana.

30 (2) A licensee shall not be an officer, director, member, owner,
31 or shareholder in another entity licensed pursuant to this part.
32 The officers, directors, owners, members, or shareholders of a
33 licensee in one class of license may not hold a license in another
34 class, and may not be an officer, director, member, owner, or
35 shareholder of an entity licensed pursuant to this part.

36 18101.3. Beginning January 1, 2015, the bureau shall provide
37 for provisional licenses, as follows:

38 (a) The bureau shall request that every city, county, or city and
39 county provide the bureau with a list of approved entities providing
40 medical marijuana to qualified patients and caregivers within the

1 city's, county's, or city and county's jurisdiction, if any, the
2 location at which the entity is operating, and the names of the
3 persons who operate the entity.

4 (1) If the jurisdiction represents that the entity has been
5 operating in compliance with local laws and regulations, or has
6 limited immunity under local laws, including, but not limited to,
7 Measure D, approved by the voters of the City of Los Angeles at
8 the May 21, 2013, general election, the bureau shall issue a
9 provisional license to the entity until the time that the entity's
10 application for a license has been approved or denied under this
11 part, but no later than 90 days after the bureau begins accepting
12 applications for licenses.

13 (2) The bureau shall consult with relevant local agencies in
14 making a determination on whether a provisional license applicant
15 is in compliance with any applicable ordinance. The bureau shall
16 issue a provisional license to an individual or entity once the
17 bureau has obtained confirmation from the relevant local agency
18 that the six months prior to January 1, 2015, the applicant was
19 regularly cultivating or distributing medical marijuana collectively
20 or cooperatively in full compliance with any applicable local
21 ordinance. The bureau shall continue to issue provisional licenses
22 until such time as the licensee's application for a standard license
23 has been approved or denied under this part, but no later than 90
24 days after the bureau begins accepting applications. To qualify
25 for a provisional license, an applicant shall be required to disclose
26 to the bureau the following information in writing on or before
27 January 20, 2015, in order to obtain provisional licensure:

28 (A) The names, addresses, and dates of birth of each principal
29 officer, owner, or board member.

30 (B) The common street address and assessor's parcel number
31 of the property at which the applicant will conduct any activity
32 under the authority of the license.

33 (C) The common street address and assessor's parcel number
34 of the property at which any cultivation activity was or is to be
35 conducted.

36 (D) For the six months prior to January 1, 2015, the quantity
37 of medical marijuana cultivated at a location and the quantity
38 expected to be cultivated from January 1, 2015, to June 30, 2015,
39 inclusive. The applicant shall make its records of current activity

1 *and activity for the six months prior to January 1, 2015, available*
2 *to the bureau upon request.*

3 *(b) The bureau shall charge an application fee of eight thousand*
4 *dollars (\$8,000) for each provisional license.*

5 *(c) Notwithstanding any other provision of this section, the*
6 *bureau shall not issue a provisional license to any individual or*
7 *entity, or for any premises, against whom there are pending state*
8 *or local administrative or judicial proceedings or actions initiated*
9 *by a city, county, or city and county under any applicable local*
10 *ordinance or who has been determined through those proceedings*
11 *to have violated any applicable local ordinance.*

12 *18101.35. Beginning July 1, 2016, the bureau shall provide*
13 *for standard licenses as follows:*

14 *(a) The bureau shall request that every city, county, or city and*
15 *county provide the bureau with a list of approved entities providing*
16 *medical marijuana to qualified patients and caregivers within the*
17 *city's, county's, or city and county's jurisdiction, if any, the*
18 *location at which the entity is operating, and the names of the*
19 *persons who operate the entity.*

20 *(b) If the jurisdiction represents that the entity has been*
21 *operating in compliance with local laws and regulations, or has*
22 *limited immunity under local laws, including, but not limited to,*
23 *Measure D, approved by the voters of the City of Los Angeles at*
24 *the May 21, 2013, general election, the bureau shall issue a license*
25 *to the entity if it meets the licensing requirements of this part.*

26 *(c) The bureau shall consult with relevant local agencies in*
27 *making a determination as to whether a standard license applicant*
28 *is in compliance with local ordinances. The bureau shall issue a*
29 *standard license only after it has obtained confirmation from the*
30 *relevant local agency that the applicant has satisfied all local*
31 *permitting requirements for cultivating or distributing medical*
32 *marijuana in compliance with local ordinances, and fulfilled all*
33 *other requirements under this part.*

34 *(d) The bureau shall charge an application fee of eight thousand*
35 *dollars (\$8,000) for each standard license.*

36 *18101.4. (a) The Medical Marijuana Regulation Fund is*
37 *hereby established within the State Treasury. Notwithstanding*
38 *Section 16305.7 of the Government Code, the fund shall include*
39 *any interest and dividends earned on the money in the fund.*

1 (b) All fees collected pursuant to this part shall be deposited
2 into the Medical Marijuana Regulation Fund. Notwithstanding
3 Section 13340 of the Government Code, all moneys within the fund
4 are hereby continuously appropriated, without regard to fiscal
5 year, to the bureau solely for the purposes of fully funding and
6 administering this part, including, but not limited to, the costs
7 incurred by the bureau for its administrative expenses.

8 (c) All moneys collected pursuant to this part as a result of
9 penalties imposed under this part shall be deposited directly into
10 the General Fund, to be available upon appropriation.

11 (d) The bureau may establish and administer a grant program
12 to allocate moneys from the Medical Marijuana Regulation Fund
13 to state and local entities for the purpose of assisting with medical
14 marijuana regulation and the enforcement of this part and other
15 state and local laws applicable to licensees.

16 18102. (a) A facility licensed pursuant to this part shall not
17 acquire, cultivate, process, possess, store, manufacture, ~~test~~,
18 distribute, sell, deliver, transfer, transport, or dispense marijuana
19 for any purpose other than those authorized by Article 2.5
20 (commencing with Section 11362.7) of Chapter 6 of Division 10
21 of the Health and Safety Code.

22 (b) A licensed dispensing facility shall not acquire, cultivate,
23 process, possess, store, manufacture, ~~test~~, distribute, sell, deliver,
24 transfer, transport, or dispense marijuana plants or marijuana
25 products except through a licensed cultivation site or processing
26 facility.

27 18103. (a) A licensed transporter shall ship only to facilities
28 licensed pursuant to this part and only in response to a request for
29 a specific quantity and variety from those facilities.

30 (b) Prior to transporting any medical marijuana product, a
31 licensed transporter shall do the following:

32 (1) Complete a shipping manifest using a form prescribed by
33 ~~the department.~~ bureau.

34 (2) Securely transmit a copy of the manifest to the licensee that
35 will receive the medical marijuana product, and to the ~~department,~~
36 bureau, prior to transport.

37 (c) The licensed transporter making the shipment and the
38 licensee receiving the shipment shall maintain each shipping
39 manifest and make it available to local code enforcement officers,

1 any other locally designated enforcement entity, and the department
2 *bureau* upon request.

3 18104. (a) Transported medical marijuana products shall:

4 (1) Be transported only in a locked, safe and secure storage
5 compartment that is securely affixed to the interior of the
6 transporting vehicle.

7 (2) Not be visible from outside the vehicle.

8 (b) Any vehicle transporting medical marijuana products shall
9 travel directly from one licensed facility to another licensed facility
10 authorized to receive the shipment.

11 18105. (a) All transport vehicles shall be staffed with a
12 minimum of two employees. At least one transport team member
13 shall remain with the vehicle at all times that the vehicle contains
14 medical marijuana.

15 (b) Each transport team member shall have access to a secure
16 form of communication by which each member can communicate
17 with personnel at the licensed facility at all times that the vehicle
18 contains medical marijuana.

19 (c) Each transport team member shall possess documentation
20 of licensing and a government-issued identification card at all
21 times when transporting or delivering medical marijuana and shall
22 produce it to any representative of the department or law
23 enforcement official upon request.

24 (d) This part shall not be construed to authorize or permit any
25 licensee to transport, or cause to be transported, marijuana or
26 marijuana products outside the state.

27 18105.5. *A local jurisdiction shall not prevent transportation*
28 *through or to a licensed entity by a licensed transporter who acts*
29 *in compliance with this part.*

30 ~~18106. (a) The department shall have the authority, subject to~~
31 ~~local ordinances, to license persons for the cultivation,~~
32 ~~manufacture, testing, transportation, storage, and sale of medical~~
33 ~~marijuana within the state, and to levy appropriate related licensing~~
34 ~~fees not to exceed the reasonable costs of enforcement and~~
35 ~~administration of this part. The department shall not issue a license~~
36 ~~if the applicant has not met all requirements pursuant to Section~~
37 ~~18101. A license, once issued, shall be suspended within five days~~
38 ~~of notification to the department by a local agency that a licensee~~
39 ~~is no longer in compliance with local ordinances or regulation.~~

40 (b)

1 18106. (a) The ~~department~~ bureau shall promulgate, by July
2 1, 2016, regulations for implementation and enforcement of this
3 part, including all of the following:

4 (1) Procedures for the issuance, renewal, suspension, and
5 revocation of licenses.

6 (2) Application, licensing, and renewal forms and fees.

7 (3) A time period in which the ~~department~~ bureau shall approve
8 or deny an application for a license to operate a facility or
9 dispensary.

10 (4) Qualifications for licensees.

11 (5) Standards for certification of testing laboratories to perform
12 random sample testing of all marijuana products intended for sale,
13 to identify and eliminate chemical residue, microbiological
14 contaminants, and mold.

15 (6) *Requirements to ensure conformance with standards*
16 *analogous to state statutory environmental, agricultural, consumer*
17 *protection, and food and product safety requirements. At a*
18 *minimum, these standards shall do all of the following:*

19 (A) *Prescribe sanitation standards analogous to the California*
20 *Retail Food Code (Part 7 (commencing with Section 113700) of*
21 *Division 104 of the Health and Safety Code) for food preparation,*
22 *storage, and handling and sale of edible marijuana products.*

23 (B) *Require that edible marijuana products produced,*
24 *distributed, provided, donated, or sold by licensees shall be limited*
25 *to nonpotentially hazardous food as established by the State*
26 *Department of Public Health pursuant to Section 114365.5 of*
27 *Health and Safety Code.*

28 (C) *Provide standards for labeling edible marijuana products*
29 *to ensure that the products cannot be mistaken as food not*
30 *containing marijuana.*

31 (D) *Require that facilities in which edible marijuana products*
32 *are prepared shall be constructed in accordance with applicable*
33 *building standards, health and safety standards, and other state*
34 *laws.*

35 (E) *Provide that any weighing or measuring devices used in*
36 *connection with the sale or distribution of marijuana are required*
37 *to meet standards analogous to Division 5 (commencing with*
38 *Section 12001).*

39 (F) *Require that any application of pesticides or other pest*
40 *control in connection with the indoor or outdoor cultivation of*

1 *marijuana shall meet standards analogous to Division 6*
2 *(commencing with Section 11401) of the Food and Agricultural*
3 *Code and its implementing regulations.*

4 ~~(e)~~

5 (b) The ~~department~~ bureau shall promulgate, by July 1, 2016,
6 regulations for minimum statewide health and safety standards
7 and quality assurance standards pursuant to Section 111658 of the
8 Health and Safety Code associated with the cultivation, transport,
9 storage, and sale of all medical marijuana produced in this state.
10 Local agencies shall have primary responsibility for enforcement
11 of these standards in accordance with ~~department~~ bureau
12 regulations.

13 ~~(d)~~

14 (c) An application for or renewal of a license shall not be
15 approved if the ~~department~~ bureau determines any of the following:

16 (1) The applicant fails to meet the requirements of this part or
17 any regulation adopted pursuant to this part or any applicable city
18 ~~or city county, or city and county~~ ordinance or regulation.

19 (2) The applicant, or any of its officers, directors, owners,
20 members, or shareholders is a minor.

21 (3) The applicant has knowingly answered a question or request
22 for information falsely on the application form, or failed to provide
23 information requested.

24 (4) The applicant, or any of its officers, directors, owners,
25 members, or shareholders has been sanctioned by the ~~department,~~
26 *bureau*, a city, county, or city and county, for marijuana activities
27 conducted in violation of this part or any applicable local ordinance
28 or has had a license revoked in the previous five years.

29 (5) The proposed cultivation, processing, possession, storage,
30 manufacturing, testing, transporting, distribution, provision, or
31 sale of medical marijuana will violate any applicable local law or
32 ordinance.

33 (6) (A) *The bureau shall deny an application for a license if*
34 *issuance of that license would tend to create a law enforcement*
35 *problem, or if issuance would result in or add to an undue*
36 *concentration of licenses.*

37 (B) *For purposes of this paragraph, the following definitions*
38 *shall apply:*

39 (i) *“Population within the census tract or census division”*
40 *means the population as determined by the most recent United*

1 *States decennial or special census. The population determination*
2 *shall not operate to prevent an applicant from establishing that*
3 *an increase of resident population has occurred within the census*
4 *tract or census division.*

5 (ii) *“Reported crimes” means the most recent yearly compilation*
6 *by the local law enforcement agency of reported offenses of*
7 *criminal homicide, forcible rape, robbery, aggravated assault,*
8 *burglary, larceny, theft, and motor vehicle theft, combined with*
9 *all arrests for other crimes, both felonies and misdemeanors, except*
10 *traffic citations.*

11 (iii) *“Reporting districts” means geographical areas within the*
12 *boundaries of a single governmental entity (city or the*
13 *unincorporated area of a county) that are identified by the local*
14 *law enforcement agency in the compilation and maintenance of*
15 *statistical information on reported crimes and arrests.*

16 (iv) *“Undue concentration” means:*

17 (I) *The applicant premises are located in a crime reporting*
18 *district that has a 20 percent greater number of reported crimes*
19 *than the average number of reported crimes as determined from*
20 *all crime reporting districts within the jurisdiction of the local law*
21 *enforcement agency.*

22 (II) *The ratio of licenses to population within the census tract*
23 *or census division in which the applicant premises are located*
24 *exceeds the ratio of licenses to population in the county in which*
25 *the applicant premises are located.*

26 ~~(e)~~

27 ~~(d)~~ ~~The—department~~ *bureau may consult with other state*
28 *agencies, state departments, public entities, or private entities for*
29 *the purposes of establishing statewide standards and regulations.*

30 ~~(f)~~

31 ~~(e)~~ ~~The—department~~ *bureau may assist state taxation authorities*
32 *in the development of uniform policies for the state taxation of*
33 *licensees.*

34 ~~(g)~~

35 ~~(f)~~ ~~The—department~~ *bureau may assist the Division of*
36 *Occupational Safety and Health in the Department of Industrial*
37 *Relations in the development of industry-specific regulations*
38 *related to the activities of licensees.*

1 18107. (a) A person shall not distribute any form of advertising
2 for physician recommendations for medical marijuana in California
3 unless the advertisement bears the following notice to consumers:
4

5 NOTICE TO CONSUMERS: The Compassionate Use Act of
6 1996 ensures that seriously ill Californians have the right to obtain
7 and use marijuana for medical purposes where medical use is
8 deemed appropriate and has been recommended by a physician
9 who has determined that the person's health would benefit from
10 the use of marijuana. Physicians are licensed and regulated by the
11 Medical Board of California and arrive at the decision to make
12 this recommendation in accordance with accepted standards of
13 medical responsibility.
14

15 (b) Advertising for physician recommendations for medical
16 marijuana shall meet all requirements of Section 651. Price
17 advertising shall not be fraudulent, deceitful, or misleading,
18 including statements or advertisements of bait, discounts,
19 premiums, gifts, or statements of a similar nature.

20 18108. (a) A facility licensed pursuant to this part shall
21 implement sufficient security measures to both deter and prevent
22 unauthorized entrance into areas containing marijuana and theft
23 of marijuana at those facilities. These security measures shall
24 include, but not be limited to, all of the following:

25 (1) Allow only qualifying patients, the patient's primary
26 caregiver, and facility agents access to the facility.

27 (2) Prevent individuals from remaining on the premises of the
28 facility if they are not engaging in activity expressly related to the
29 operations of the facility.

30 (3) Establish limited access areas accessible only to authorized
31 facility personnel.

32 (4) Store all finished marijuana in a ~~secure, locked safe or vault~~
33 *secured and locked room, safe, or vault*, and in a manner as to
34 prevent diversion, theft, and loss.

35 (b) A facility licensed pursuant to this part shall notify
36 appropriate law enforcement authorities within 24 hours after
37 discovering any of the following:

38 (1) Discrepancies identified during inventory.

39 (2) Diversion, theft, loss, or any criminal activity involving the
40 facility or a facility agent.

1 (3) The loss or unauthorized alteration of records related to
2 marijuana, registered qualifying patients, personal caregivers, or
3 facility agents.

4 (4) Any other breach of security.

5 (c) A licensed cultivation site shall weigh, inventory, and
6 account for on video, all medical marijuana to be transported prior
7 to its leaving its origination location. Within eight hours after
8 arrival at the destination, the licensed dispensing facility shall
9 reweigh, reinventory, and account for on video, all transported
10 marijuana.

11 18108.5. (a) The ~~department~~ *bureau* shall require an annual
12 audit of all licensees licensed pursuant to this part or otherwise
13 licensed by the ~~department~~ *bureau* to cultivate, manufacture,
14 process, ~~test~~, transport, store, or sell marijuana to be paid for by
15 each licensed vendor and dispensary.

16 (b) Completed audit reports shall also be submitted by the
17 licensee to local code enforcement offices, or the appropriate
18 locally designated enforcement entity, within 30 days of the
19 completion of the audit.

20 (c) It is the responsibility of each licensee licensed pursuant to
21 this part or otherwise licensed by the ~~department~~ *bureau* to
22 cultivate, manufacture, process, ~~test~~, transport, store, or sell
23 marijuana to develop a robust quality assurance protocol that
24 includes all of the provisions of this part.

25 18108.6. (a) *A laboratory certified by the bureau to perform*
26 *random sample testing of marijuana products pursuant to*
27 *paragraph (5) of subdivision (a) of Section 18106 shall not acquire,*
28 *cultivate, process, possess, store, manufacture, distribute, sell,*
29 *deliver, transfer, transport, or dispense marijuana for any purpose*
30 *other than those authorized by Article 2.5 (commencing with*
31 *Section 11362.7) of Chapter 6 of Division 10 of the Health and*
32 *Safety Code.*

33 (b) *A laboratory certified by the bureau to perform random*
34 *sample testing of marijuana products pursuant to paragraph (5)*
35 *of subdivision (a) of Section 18106 shall not acquire, cultivate,*
36 *process, possess, store, manufacture, distribute, sell, deliver,*
37 *transfer, transport, or dispense marijuana plants or marijuana*
38 *products except through a licensed cultivation site, or processing*
39 *facility.*

1 18109. In addition to the provisions of this part, a license
2 granted pursuant to this part shall be subject to the restrictions of
3 the local jurisdiction in which the facility operates or proposes to
4 operate. Even if a license has been granted pursuant to this part, a
5 facility shall not operate in a local jurisdiction that prohibits the
6 establishment of that type of business.

7 ~~18110. Violation of this part shall be punishable by a civil fine~~
8 ~~of up to thirty-five thousand dollars (\$35,000) for each individual~~
9 ~~violation.~~

10 18110. (a) A willful violation of Section 18101.2, including
11 any attempt to falsify information on an application as required
12 by Section 18101.2, or to otherwise defraud or mislead a state or
13 local agency in the course of the application process, shall be
14 punishable by a civil fine of up to thirty-five thousand dollars
15 (\$35,000) for each individual violation. This subdivision shall
16 apply to both the provisional and permanent licensing application
17 processes under this part.

18 (b) A technical violation of Section 18101.2 shall, at the
19 bureau's discretion, be punishable by a civil fine of up to ten
20 thousand dollars (\$10,000) for each individual violation. This
21 subdivision shall apply to both the provisional and permanent
22 licensing application processes under this part.

23 18110.1. The executive officer or any district attorney, county
24 counsel, city attorney, or city prosecutor may bring an action to
25 enjoin a violation or the threatened violation of any provision of
26 this part, including, but not limited to, a licensee's failure to correct
27 objectionable conditions following notice or as a result of any rule
28 promulgated pursuant to this part. The action shall be brought in
29 the county in which the violation occurred or is threatened to
30 occur. Any proceeding brought pursuant to this part shall conform
31 to the requirements of Chapter 3 (commencing with Section 525)
32 of Title 7 of Part 2 of the Code of Civil Procedure. Nothing in this
33 section shall diminish the authority of local government to take
34 requisite enforcement actions pertaining to its own ordinances or
35 regulations.

36 18111. Nothing in this part shall prevent a city or other local
37 governing body from taking action as specified in Section 11362.83
38 of the Health and Safety Code.

39 18112. This part shall in no way supersede the provisions of
40 Measure D, approved by the voters of the City of Los Angeles on

1 the May 21, 2013, ballot for the city, which granted marijuana
2 businesses and dispensaries qualified immunity consistent with
3 the terms of the measure and local ordinances. Notwithstanding
4 the provisions of this part, marijuana businesses and dispensaries
5 subject to the provisions of Measure D and its qualified immunity
6 shall continue to be subject to the ordinances and regulations of
7 the City of Los Angeles.

8 ~~18113. (a) This part shall not apply to, and shall have no~~
9 ~~diminishing effect on, the rights and protections granted to a patient~~
10 ~~or a primary caregiver pursuant to the Compassionate Use Act of~~
11 ~~1996.~~

12 ~~(b) (1)–~~

13 18113. (a) A patient who cultivates, possesses, stores,
14 manufactures, or transports marijuana exclusively for his or her
15 personal medical use and who does not sell, distribute, donate, or
16 provide marijuana to any other person is not considered a licensee
17 under this part and is exempt from licensure under this part.

18 ~~(2)~~

19 (b) A primary caregiver who cultivates, possesses, stores,
20 manufactures, transports, or provides marijuana exclusively for
21 the personal medical purposes of a *no more than five* specified
22 qualified ~~patient~~ *patients* for whom he or she is the primary
23 caregiver within the meaning of Section 11362.7 of the Health and
24 Safety Code and who does not receive remuneration for these
25 activities except for compensation in full compliance with
26 subdivision (c) of Section 11362.765 of the Health and Safety
27 Code is not considered a licensee under this part and is exempt
28 from licensure under this part.

29 18114. (a) *Information identifying the names of patients, their*
30 *medical conditions, or the names of their primary caregivers*
31 *received and contained in records kept by the bureau for the*
32 *purposes of administering this part are confidential and exempt*
33 *from the California Public Records Act (Chapter 3.5 (commencing*
34 *with Section 6250) of Division 7 of Title 1 of the Government Code)*
35 *and are not subject to disclosure to any individual or private entity,*
36 *except as necessary for authorized employees of the State of*
37 *California to perform official duties pursuant to this part:*

38 (b) (1) *Nothing in this section shall preclude any of the*
39 *following:*

1 (A) Bureau employees notifying state or local agencies about
2 information submitted to the bureau that the employee suspects is
3 falsified or fraudulent.

4 (B) Notifications from the bureau to state or local agencies of
5 apparent violations of this part or any applicable local ordinance.

6 (C) Verification of requests by state or local agencies to confirm
7 licenses and certificates issued by the bureau or other state agency.

8 (D) Provision of information requested pursuant to a court
9 order or subpoena issued by a court or an administrative agency
10 or local governing body authorized by law to issue subpoenas.

11 (2) Information shall not be disclosed beyond what is necessary
12 to achieve the goals of a specific investigation or notification or
13 the parameters of a specific court order or subpoena.

14 18115. (a) The actions of a licensee or provisional licensee,
15 its employees, and its agents, permitted pursuant to a license or
16 provisional license issued by the bureau or otherwise permitted
17 by this part, that are conducted in accordance to the requirements
18 of this part and regulations adopted pursuant to the authority
19 granted by this part, are not unlawful under state law and shall
20 not be an offense subject to arrest or prosecution.

21 (b) The actions of a person who, in good faith and upon
22 investigation, allows his or her property to be used by a licensee
23 or provisional licensee, its employees, and its agents, as permitted
24 pursuant to a license or provisional license issued by the bureau
25 or otherwise permitted by this part, are not unlawful under state
26 law and shall not be an offense subject to arrest or prosecution.

27 (c) This section shall not be deemed to limit the authority or
28 remedies of a city, county, or city and county under any provision
29 of law, including, without limitation, Section 7 of Article XI of the
30 California Constitution.

31 18116. (a) A licensee shall not cultivate, process, store,
32 manufacture, transport, or sell medical marijuana in the state
33 unless accurate records are kept at the licensed premises of the
34 growing, processing, storing, manufacturing, transporting, or
35 selling by the licensee in the state. These records shall include the
36 name and address of the supplier of any marijuana received or
37 possessed by the licensee, the location at which the marijuana was
38 cultivated, the amount of marijuana received, the form in which
39 it is received, the name of the employee receiving it, and the date
40 of receipt. These records shall also include receipts for all

1 expenditures incurred by the licensee and banking records, if any,
2 for all funds obtained or expended in the performance of any
3 activity under the authority of the license, provided that a licensee
4 licensed to act at more than one premises may keep all records at
5 one of the licensed premises. Required records shall be kept for a
6 period of seven years from the date of the transaction.

7 (b) The bureau and any state or local agency may make any
8 examination of the books and records of any licensee and may
9 visit and inspect the premises of any licensee that the bureau may
10 deem necessary to perform its duties under this part.

11 (c) Any books or records requested by the bureau or any state
12 or local agency shall be provided by the licensee no later than at
13 the end of the next business day after the request is made.

14 (d) The bureau or any state or local agency may enter and
15 inspect the premises of any facility operated by a licensee between
16 the hours of 8 a.m. and 8 p.m. on any day that the facility is open,
17 or at any reasonable time, to ensure compliance and enforcement
18 of the provisions of this part or any local ordinance.

19 (e) If a licensee or any employee of a licensee refuses, impedes,
20 obstructs, or interferes with an inspection pursuant to this part or
21 local ordinance, or if the licensee fails to maintain or provide the
22 books and records required by this section, the licensee may be
23 summarily suspended pursuant to this part and the bureau shall
24 directly commence proceedings for the revocation of the license
25 in accordance with this part.

26 SEC. 5. Section 23028 is added to the Government Code, to
27 read:

28 23028. (a) (1) In addition to any authority otherwise provided
29 by law, the board of supervisors of any county may impose, by
30 ordinance, a tax on the privilege of cultivating, dispensing,
31 producing, processing, preparing, storing, providing, donating,
32 selling, or distributing marijuana by a licensee operating pursuant
33 to Chapter 18 (commencing with Section 26000) of Division 9 of
34 the Business and Professions Code. The tax may be imposed for
35 general governmental purposes or for purposes specified in the
36 ordinance by the board of supervisors.

37 (2) The board of supervisors shall specify in the ordinance
38 proposing the tax the activities subject to the tax, the applicable
39 rate or rates, the method of apportionment, and the manner of
40 collection of the tax. A tax imposed pursuant to this section is a

1 *tax and not a fee or special assessment, and the tax is not required*
2 *to be apportioned on the basis of benefit to any person or property*
3 *or be applied uniformly to all taxpayers or all real property.*

4 *(3) A tax imposed by a county pursuant to this section by a*
5 *county may include a transactions and use tax imposed solely for*
6 *marijuana or marijuana products, which shall otherwise conform*
7 *to Part 1.6 (commencing with Section 7251) of Division 2 of the*
8 *Revenue and Taxation Code. Notwithstanding Section 7251.1 of*
9 *the Revenue and Taxation Code, the tax may be imposed at any*
10 *rate specified by the board of supervisors, and the tax rate*
11 *authorized by this section shall not be considered for purposes of*
12 *the combined tax rate limitation established by that section.*

13 *(4) The tax authorized by this section may be imposed upon any*
14 *or all of the activities set forth in paragraph (1), regardless of*
15 *whether the activity is undertaken individually, collectively, or*
16 *cooperatively, and regardless of whether the activity is for*
17 *compensation or gratuitously, as determined by the board of*
18 *supervisors.*

19 *(5) The board of supervisors shall specify whether the tax*
20 *applies throughout the entire county or within the unincorporated*
21 *area of the county.*

22 *(b) In addition to any other method of collection authorized by*
23 *law, the board of supervisors may provide for collection of the tax*
24 *imposed pursuant to this section in the same manner, and subject*
25 *to the same penalties and priority of lien, as other charges and*
26 *taxes fixed and collected by the county.*

27 *(c) Any tax imposed pursuant to this section shall be subject to*
28 *applicable voter approval requirements imposed by any other law.*

29 *(d) For purposes of this section, “marijuana” shall have the*
30 *meanings set forth in Section 18100 of the Business and Professions*
31 *Code.*

32 *(e) This section does not limit or prohibit the levy or collection*
33 *or any other fee, charge, or tax, or any license or service fee or*
34 *charge upon, or related to, the activities set forth in subdivision*

35 *(a) as otherwise provided by law. This section shall not be*
36 *construed as a limitation upon the taxing authority of any county*
37 *as provided by other law.*

1 ~~SEC. 5.~~

2 SEC. 6. Article 8 (commencing with Section 111658) is added
3 to Chapter 6 of Part 5 of Division 104 of the Health and Safety
4 Code, to read:

5
6 Article 8. Medical Marijuana
7

8 111658. For purpose of this article, the following definitions
9 shall apply:

10 (a) *“Bureau” means the Bureau of Medical Marijuana*
11 *Regulations in the Department of Consumer Affairs.*

12 ~~(a)~~

13 (b) *“Certified testing laboratories” means a laboratory that is*
14 *certified by the*~~department~~ *bureau to perform random sample*
15 *testing of marijuana pursuant to the certification standards for*
16 *those facilities promulgated by the*~~department.~~ *bureau.*

17 ~~(b) “Department” means the Department of Consumer Affairs.~~

18 (c) *“Edible marijuana product” means marijuana or a*
19 *marijuana-derived product that is ingested or meant to be ingested*
20 *through the mouth and into the digestive system.*

21 ~~(d) “Marijuana” means marijuana, as defined by Section 11018.~~

22 (d) *“Marijuana” means all parts of the plant Cannabis sativa*
23 *L. sativa, cannabis indica, or cannabis ruderalis, whether growing*
24 *or not; the seeds thereof; the resin, whether crude or purified,*
25 *extracted from any part of the plant; and every compound,*
26 *manufacture, salt, derivative, mixture, or preparation of the plant,*
27 *its seeds, or resin. “Marijuana” does not include the mature stalks*
28 *of the plant, fiber produced from the stalks, oil or cake made from*
29 *the seeds of the plant, any other compound, manufacture, salt,*
30 *derivative, mixture, or preparation of the mature stalks (except*
31 *the resin extracted therefrom), fiber, oil, or cake, or the sterilized*
32 *seed of the plant which is incapable of germination. “Marijuana”*
33 *also means marijuana, as defined by Section 11018.*

34 (e) *“Representative samples” means samples taken from each*
35 *batch or shipment of marijuana received from a licensed cultivation*
36 *site or any other source if intended for sale.*

37 111659. ~~The department,~~ bureau, by July 1, 2016, shall
38 accomplish the following:

39 (a) Establish quality assurance protocols to ensure uniform
40 testing standards for all marijuana sold via dispensaries or other

1 facilities, or cultivated by any facilities, that are licensed pursuant
2 to Part 5 (commencing with Section 18100) of Division 7 of the
3 Business and Professions Code.

4 (b) In consultation with outside entities at its discretion, develop
5 a list of certified testing laboratories that can perform uniform
6 testing in compliance with this article, and post that list on its
7 Internet Web site.

8 111660. (a) Licensees licensed pursuant to Part 5 (commencing
9 with Section 18100) of Division 7 of the Business and Professions
10 Code shall bear the responsibility for contracting with certified
11 testing laboratories for regular, systematic testing of representative
12 samples of all marijuana cultivated or intended for sale or
13 distribution, and shall bear the cost of that testing.

14 (b) Licensees licensed pursuant to Part 5 (commencing with
15 Section 18100) of Division 7 of the Business and Professions Code
16 shall provide results of test reports to local code enforcement
17 officers, any other locally designated enforcement entity, and the
18 ~~department~~ bureau both on a quarterly basis and upon request.

19 111661. Quality assurance protocols shall be required between
20 all licensed cultivation sites or licensed processing facilities and
21 licensed dispensing facilities to guarantee safe and reliable
22 medicinal marijuana delivery to all patients. These quality
23 assurance protocols shall include:

24 (a) Providing of supplier information to dispensaries in order
25 for recall procedures to be implemented, if and when necessary.

26 (b) Safety testing of all marijuana prior to packaging for sale
27 and patient exposure to identify and eliminate microbiological
28 contaminants and chemical residue.

29 (c) Labeling of all marijuana and marijuana products that shall,
30 at a minimum, include the following:

31 (1) Clear dosage in total milligrams delivered for all products.

32 (2) Clear indication, in bold font, that the product contains
33 marijuana.

34 (3) Tetrahydrocannabinol (THC) and cannabidiol (CBD)
35 content.

36 111662. For purposes of this article, edible marijuana products
37 are deemed to be unadulterated food products. In addition to the
38 quality assurance standards provided in Section 111661, all edible
39 marijuana products shall comply with the following requirements:

(a) Baked edible marijuana products (such as brownies, bars, cookies, and cakes), tinctures, and other edible marijuana products that do not require refrigeration or hot holding may be manufactured, sold, or otherwise distributed at facilities licensed pursuant to Part 5 (commencing with Section 18100) of Division 7 of the Business and Professions Code.

(b) Licensed marijuana facilities shall have an owner or employee who has successfully passed an approved and accredited food safety certification examination as specified in Sections 113947.1, 113947.2, and 113947.3 of the Health and Safety Code prior to selling, manufacturing, or distributing edible marijuana products requiring refrigeration or hot holding.

(c) Individuals' manufacturing or selling edible marijuana products shall thoroughly wash their hands before commencing production and before handling finished edible marijuana products.

(d) All edible marijuana products shall be individually wrapped at the original point of preparation. All edible marijuana products shall be packaged in a fashion that does not exceed a single individual serving size.

(e) Products containing tetrahydrocannabinol (THC) shall be prepared in compliance with maximum potency standards for THC and THC concentrates set forth in the ~~department's~~ *bureau's* regulations.

(f) Prior to sale or distribution at a licensed dispensing facility, edible marijuana products shall be labeled and in an opaque and tamper evident package. Labels and packages of edible marijuana products shall meet the following requirements:

(1) Edible marijuana packages and labels shall not be made to be attractive to children.

(2) All edible marijuana product labels shall include the following information, prominently displayed and in a clear and legible font:

(A) Manufacture date.

(B) The statement "KEEP OUT OF REACH OF CHILDREN."

(C) The statement "FOR MEDICAL USE ONLY."

(D) Net weight of marijuana in package.

(E) A warning, if nuts or other known allergens are used, and shall include the total weight, in ounces or grams, of marijuana in the package.

1 (F) Tetrahydrocannabinol (THC) and cannabidiol (CBD)
2 content.

3 (g) Photos or images of food are not allowed on edible marijuana
4 product packages or labels.

5 (h) Only generic food names may be used to describe edible
6 marijuana products. For example, “snickerdoodle” may not be
7 used to describe a cinnamon cookie.

8 ~~SEC. 6. Chapter 3.8 (commencing with Section 7295) is added~~
9 ~~to Part 1.7 of Division 2 of the Revenue and Taxation Code, to~~
10 ~~read:~~

11
12 ~~CHAPTER 3.8. MEDICAL MARIJUANA~~
13

14 ~~7295. (a) In addition to any authority otherwise provided by~~
15 ~~law, the legislative body of any county may levy a tax on the~~
16 ~~privilege of cultivating, dispensing, producing, processing,~~
17 ~~preparing, storing, providing, or distributing marijuana or products~~
18 ~~containing marijuana.~~

19 ~~(b) The tax may be levied for general governmental purposes~~
20 ~~or for specific purposes specified by the legislative body.~~

21 ~~(c) The legislative body shall specify the activities subject to~~
22 ~~the tax, the applicable rate or rates, the method of apportionment,~~
23 ~~and manner of collection of the tax. A tax imposed pursuant to~~
24 ~~this section is a tax and not a fee or special assessment, and there~~
25 ~~is no requirement that the tax be apportioned on the basis of benefit~~
26 ~~to any property or be applied uniformly to all taxpayers or all real~~
27 ~~property. The tax imposed pursuant to this section may be based~~
28 ~~on any reasonable basis as determined by the legislative body.~~

29 ~~(d) In addition to any other method of collection authorized by~~
30 ~~law, the legislative body may provide for collection of the tax~~
31 ~~imposed pursuant to this section in the same manner, and subject~~
32 ~~to the same penalties and priority of lien as, other charges and~~
33 ~~taxes fixed and collected by the county.~~

34 ~~(e) The tax may be imposed upon any or all of the activities set~~
35 ~~forth in subdivision (a), regardless of whether the activity is~~
36 ~~undertaken individually, collectively, or cooperatively, and~~
37 ~~regardless of whether the activity is undertaken for compensation~~
38 ~~or without compensation or profit, as determined by the legislative~~
39 ~~body.~~

1 ~~(f) Any tax levied pursuant to this section shall be subject to~~
2 ~~any applicable voter approval requirement imposed by any other~~
3 ~~provision of law.~~

4 ~~(g) The tax, when levied by the legislative body of a county,~~
5 ~~shall apply throughout the entire county or within the~~
6 ~~unincorporated area of the county, as specified by the legislative~~
7 ~~body.~~

8 ~~(h) For purposes of this section, “marijuana” means marijuana,~~
9 ~~as defined by Section 11018 of the Health and Safety Code.~~

10 ~~(i) This section is declaratory of existing law, and does not limit~~
11 ~~or prohibit the levy or collection or any other fee, charge, or tax,~~
12 ~~or any license or service fee or charge upon, or related to, the~~
13 ~~activities set forth in subdivision (a) as provided by other provisions~~
14 ~~of law.~~

15 *SEC. 7. The provisions of this act are severable. If any*
16 *provision of this act or its application is held invalid, that invalidity*
17 *shall not affect other provisions or applications that can be given*
18 *effect without the invalid provision or application.*

19 *SEC. 8. The Legislature finds and declares that Section 4 of*
20 *this act imposes a limitation on the public’s right of access to the*
21 *meetings of public bodies or the writings of public officials and*
22 *agencies within the meaning of Section 3 of Article I of the*
23 *California Constitution. Pursuant to that constitutional provision,*
24 *the Legislature makes the following findings to demonstrate the*
25 *interest protected by this limitation and the need for protecting*
26 *that interest:*

27 *The limitation imposed under this act is necessary for purposes*
28 *of compliance with the federal Health Insurance Portability and*
29 *Accountability Act (42 U.S.C. Sec. 1320d et seq.), the*
30 *Confidentiality of Medical Information Act (Part 2.6 (commencing*
31 *with Section 56) of Division 1 of the Civil Code), and the Insurance*
32 *Information Privacy Protection Act (Article 6.6 (commencing with*
33 *Section 79) of Chapter 1 of Part 2 of Division 1 of the Insurance*
34 *Code).*

35 ~~SEC. 7.~~

36 *SEC. 9. No reimbursement is required by this act pursuant to*
37 *Section 6 of Article XIII B of the California Constitution because*
38 *the only costs that may be incurred by a local agency or school*
39 *district will be incurred because this act creates a new crime or*
40 *infraction, eliminates a crime or infraction, or changes the penalty*

1 for a crime or infraction, within the meaning of Section 17556 of
2 the Government Code, or changes the definition of a crime within
3 the meaning of Section 6 of Article XIII B of the California
4 Constitution.

O